

SB 982 (EVANS)

SHAREHOLDER PROTECTION ACT

THE GOAL

SB 982 would create protections for shareholders by requiring that corporations report to their shareholders how much of their money is going toward political purposes and a description of those activities. SB 982's protections would also ensure that the public gets this important information by requiring that corporations post the information on their websites.

BACKGROUND

Under existing law, in *Citizens United v. Federal Election Commission* (2010) 137 S.Ct. 876, the U.S. Supreme Court granted corporations the same rights as individuals in making independent expenditures in elections, thereby allowing for the use of corporate treasuries for such expenditures. The Court held that any restrictions on such spending are essentially restrictions on corporations' right to free speech.

As a result, corporate boards and executives now have the enormous wealth of the corporation and its shareholders at their disposal to further their own political preferences on both the state and federal levels, and the amounts of money in play in elections will likely increase substantially as well. Existing law, however, places no requirement on these boards or executives to disclose their political activity to their shareholders or the public.

Without this disclosure requirement, the likelihood that significant amounts of shareholder money will be spent for political purposes that the shareholder might disagree with is much greater. Likewise, consumers face the possibility of unknowingly spending their money buying products from a corporation whose political spending is in direct conflict with their personal beliefs. Perhaps most alarming is that voters don't have the information that they need to fully evaluate what speech and speakers are worthy of their consideration and support.

THIS BILL

SB 982 would require any corporation, as defined, that has shareholders who live in California and engages in political activity to issue a report on the planned political expenditures of the corporation in the forthcoming fiscal year as well as expenditures in the previous fiscal year and post that report on the corporation's website.

Specifically, corporations must disclose the following:

- A description of the political activities.
- The name of the person, candidate, committee, or political party, or a description of the political cause, to which each contribution or expenditure was made.
- The aggregate amount of the contribution(s) and expenditure(s) for each candidate, ballot measure campaign, signature-gathering effort on behalf of a ballot measure, political party, or political action committee.
- If a contribution or expenditure was made in support of or in opposition to a candidate, the office sought by the candidate and his or her political party affiliation.
- If a contribution or expenditure was made for or against a ballot measure, a description of the measure and a statement as to whether the contribution or expenditure was made in support or opposition to the measure.

SUPPORT

California Public Interest Research Group (Sponsor)

OPPOSITION

None known.

FOR MORE INFORMATION

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